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SUBJECT: KAZAKHSTAN: CIVIL AVIATION COMMITTEE REPORTS THAT AIR
ASTANA OBJECTS TO OPEN SKIES AGREEMENT

REF: 08 STATE 129946

[1](#)1. (U) Sensitive but unclassified. Not for public Internet.

[1](#)2. (SBU) SUMMARY: EconOff met on February 4 with Civil Aviation Committee Deputy Director Daulet Mamekov to solicit official feedback on model bilateral and multilateral Open Skies agreements that we provided the Kazakhstani government per reftel. Mamekov reported that Air Astana will oppose any agreement that might impact its market share. He agreed, however, that there may be room for an agreement which covers only cargo. Mamekov reiterated the Kazakhstani government's interest in direct passenger flights between Kazakhstan and the United States. END SUMMARY.

AIR ASTANA OPPOSES OPEN SKIES AGREEMENT

[1](#)3. (SBU) On February 4, EconOff met with Civil Aviation Committee (CAC) Deputy Director Daulet Mamekov to solicit official feedback on model bilateral and multilateral Open Skies agreements which we provided to the Kazakhstani government on December 22, per reftel. Mamekov wasted no time in saying while the CAC would be willing to sign an Open Skies agreement, executives at Air Astana --Kazakhstan's 51% state-owned flagship carrier -- oppose the idea. Mamekov explained that neither the CAC nor the Ministry of Transport and Communications agency is in a position to challenge Air Astana.

[1](#)4. (SBU) Mamekov quoted directly from a lengthy letter sent to Vice Minister of Transport and Communication Azat Bekturov by Air Astana's Director for Commercial Planning, I. Janleil, who wrote, "If signed, this (Open Skies) agreement would have a significant negative impact, including the possible closure of the national airline." (NOTE: Post has obtained a copy of the complete letter, which has been shared with Washington. END NOTE.) Janleil further wrote that the Kazakhstani side would "suffer significant losses," and that U.S. carriers would "attract passenger traffic which will use the (same) routes of Kazakhstani carriers." According to Janleil, "these direct losses could amount to \$45 million in the long run," which "does not include Air Astana's tax payments to the national budget or job losses." Mamekov added that Air Astana's

specific concerns include the model agreements' absence of limits on flight frequency and geographic range.

15. (SBU) Mamekov explained that he understood Air Astana's business concerns about competing with large, established American carriers, quoting the Russian proverb, "elephants rub, flies die." He suggested, however, that Air Astana's opposition could perhaps be trumped if an Open Skies agreement were to be accompanied by pledges from American carriers to carry out specific, large-scale investment projects in Kazakhstan, such as the development of a new airport. He then added somewhat contradictorily that even if American carriers were amenable to this concept, which would include the training of a domestic Kazakhstani work force, their access to the Kazakhstani aviation market would still have to be negotiated by them on a case-by-case basis.

DOOR MAY BE OPEN FOR CARGO-ONLY AGREEMENT

16. (SBU) Mamekov admitted that there may be room for an Open Skies agreement that covers only cargo services, or small passenger planes with seating for less than 20 passengers. (NOTE: U.S. Department of Transportation representatives raised the possibility of a cargo-only agreement with the Kazakhstanis during the Athens aviation conference in October. END NOTE.) At this point, Mamekov claimed, without further elaboration, that a new Law on Civil Aviation, which he expected would be enacted within the next several months, "would eliminate the necessity to sign any agreements with any countries."

INTEREST IN DIRECT U.S.-KAZAKHSTAN FLIGHTS

17. (SBU) Mamekov repeated the Kazakhstani government's interest,

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previously expressed by the Kazakhstanis in Athens, in the possibility of initiating direct passenger flights between Kazakhstan and the United States, and asked whether any U.S. carriers had expressed interest in such a proposition. (NOTE: In Air Astana's letter to Bekturov, the airline partly justified its rejection of an Open Skies agreement by stating that no Kazakhstani carrier intended to explore commercial routes directly to the United States in the near future. END NOTE.) Mamekov explained that if Prime Minister Masimov directed him to pursue direct flights, this might provide the political weight necessary to override Air Astana's opposition to an Open Skies agreement.

18. (SBU) Mamekov concluded the meeting by enumerating several areas of possible bilateral cooperation in Kazakhstan's civil aviation sector, including upgrading Kazakhstan's civil aviation fleet, cooperation with Boeing, and the creation of a technical aviation center. He admitted that Kazakhstan has had some difficulties working with authorities in the European Community's Safety Assessment of Foreign Aircraft (SAFA) program. He claimed that several Kazakhstani companies had been blacklisted for failure to meet SAFA's standards, adding that he doubts that all U.S. companies "meet such severe requirements." Mamekov proposed a trip to Washington in the spring for Kazakhstani officials to discuss civil aviation issues.

19. (SBU) COMMENT: The Ministry of Transport and Communication, the Civil Aviation Committee, and Air Astana appear to have conflicting views on the value of an Open Skies agreement. The CAC claims to understand the benefit of increased regional integration, but remains unwilling to directly challenge Air Astana, which monopolizes key air routes and reportedly has direct influence with President Nazarbayev. Pursuit of a cargo-only Open Skies agreement might be our best option for now. END COMMENT.

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